



STRICTLY  
CONFIDENTIAL

C O P Y (6)

PAYMENTS MADE BY AND THROUGH ARAMCO TO  
THE SAUDI ARAB GOVERNMENT - THIRD QUARTER 1952

Finance Department  
November 15, 1952

|                             | Currency<br>of<br>Payment | July                                        | August        | September     | Total         |
|-----------------------------|---------------------------|---------------------------------------------|---------------|---------------|---------------|
| <b>ROYALTIES - GROSS</b>    |                           |                                             |               |               |               |
| Regular                     | \$                        | 4,339,717.64                                | 4,320,123.85  | 4,093,074.20  | 12,752,915.69 |
|                             | L. Stg.                   | 516,633                                     | 514,446       | 487,125       | 1,518,204     |
| Offshore                    | \$                        | -                                           | -             | -             | -             |
| RENTAL                      | \$                        | 123,594.80                                  | -             | -             | 123,594.80    |
|                             | L. Stg.                   | 14,714                                      | -             | -             | 14,714        |
| INCOME TAX - COMPANY        | \$                        | 8,574,457.00                                | 9,644,897.56  | 8,845,013.00  | 27,064,367.56 |
|                             | L. Stg.                   | 490,661-15-9                                | 471,406-6-1   | 397,480-7-2   | 1,359,548-9   |
|                             | F. Fr.                    | 18,091,500                                  | 17,391,945    | 14,714,700    | 50,198,145    |
| ARTICLE 7 of 1950 AGREEMENT | \$                        | 175,000                                     | -             | -             | 175,000       |
| PERSONAL INCOME TAX         | \$                        | 243,387.74                                  | -             | -             | 243,387.74    |
| CUSTOMS                     | \$                        | 31,332                                      | 16,511        | -             | 47,843        |
|                             | SR                        | 1,103,735                                   | 556,568       | 1,236,816     | 2,897,119     |
| WORKMEN'S COMPENSATION (a)  | SR                        | 42,003                                      | 94,148        | 28,662        | 164,813       |
| GASOLINE TAXES              | SR                        | (b)                                         | -             | -             | -             |
| POSTAGE                     | SR                        | 61,318                                      | 56,650        | 19,798        | 137,766       |
| LIQUOR FEES                 | SR                        | 537,450                                     | 32,700        | 659,704       | 1,229,854     |
| OTHER FEES                  | SR                        | 474,572                                     | 262,671       | 295,245       | 1,032,488     |
| GOLD POUND BILLINGS         |                           | Discontinued by Article 7 of 1950 Agreement |               |               |               |
| TOTALS                      | \$                        | 13,487,489.18                               | 13,981,532.41 | 12,938,087.20 | 40,407,108.79 |
|                             | SR                        | 2,219,078                                   | 1,002,737     | 2,240,225     | 5,462,040     |
|                             | L. Stg.                   | 1,022,008-15-9                              | 985,852-6-1   | 884,605-7-2   | 2,892,466-9   |
|                             | F. Fr.                    | 18,091,500                                  | 17,391,945    | 14,714,700    | 50,198,145    |

(a) Workmen's compensation payments are made to the beneficiary through SAG.

(b) As of August 1951, taxes collected on sales of fuel at the Dhahran Airbase, formerly paid to SAG in cash, are now included with other fuel tax collections and credited against invoices presented to SAG.

N.B. Although personal income tax payments for employees of Aramco's service organizations are included under "Personal Income Tax," corporate taxes for these organizations are not included in this table.

Memorandum from

R. S. HAWKEY

7-31-, 195<sup>2</sup>

To Mr. R.R. Dickson

Reur - I thought  
you might be interested  
in having a copy of  
this in Jeddah. Original  
is still here if you  
want to have this  
copy with Jeddah or  
as a gift people.

# ARABIAN AMERICAN OIL COMPANY

New York 22, N.Y.

## SAUDI ARAB MERCHANDISE TRADE DATA

MR. R. S. HAWKEY  
Dhahran

The attached table is a revision of the estimated net Saudi Arab merchandise trade for the calendar year 1950.

Work has gone forward on the 1951 figures and it looks as though I will have to go to Washington after my vacation (August 4 to 18) in order to secure more detailed figures. In the meantime, however, we will prepare the 1951 trade table based on the information we have and you should receive this shortly.

*Bruce E. Thauburn*  
BRUCE E. THAUBURN

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Att.

cc: RIB  
HRS

**ESTIMATED NET SAUDI ARABIAN MERCHANDISE TRADE**  
(Including Gold, Silver and Currency)

Calendar Year 1950  
(Thousands Dollars)

|                                             | <u>Total<br/>Reported<br/>Exports to<br/>Saudi Arabia</u> | <u>Less<br/>Aramco/Tap.<br/>Purchases</u> | <u>Net<br/>Saudi Arabia<br/>Imports</u> | <u>Total<br/>Reported<br/>Imports from<br/>Saudi Arabia</u> | <u>Less<br/>Oil</u> | <u>Net<br/>Saudi Arabia<br/>Exports</u> |
|---------------------------------------------|-----------------------------------------------------------|-------------------------------------------|-----------------------------------------|-------------------------------------------------------------|---------------------|-----------------------------------------|
| 1. Aden (1946 trade)                        | \$ 600                                                    | \$ 22                                     | \$ 578                                  | \$ 150                                                      | \$ N.A.             | \$ 150                                  |
| 2. Argentina                                | N.A.                                                      | 9                                         | -                                       | N.A.                                                        | N.A.                | N.A.                                    |
| 3. Australia                                | 1,396                                                     | 785                                       | 611                                     | 4,221                                                       | 4,200               | 21                                      |
| 4. Austria                                  | 63                                                        | -                                         | 63                                      | 10                                                          | N.A.                | 10                                      |
| 5. Bahrein (2nd 6 mos.'50-<br>annual basis) | 5,690                                                     | 41                                        | 5,649                                   | N.A.                                                        | N.A.                | N.A.                                    |
| 6. Belgium                                  | 2,106                                                     | 766                                       | 1,340                                   | 260(a)                                                      | -                   | 260(a)                                  |
| 7. Brazil                                   | 100                                                       | -                                         | 100                                     | N.A.                                                        | N.A.                | N.A.                                    |
| 8. Burma                                    | 5,400 (est.)                                              | -                                         | 5,400                                   | N.A.                                                        | N.A.                | N.A.                                    |
| 9. Canada                                   | 800                                                       | 120                                       | 680                                     | 25,800                                                      | 25,800              | -                                       |
| 10. Ceylon                                  | 984                                                       | -                                         | 984                                     | 800                                                         | -                   | -                                       |
| 11. Cuba                                    | N.A.                                                      | 1                                         | N.A.                                    | N.A.                                                        | N.A.                | N.A.                                    |
| 12. Cyprus (1949 trade)                     | 131                                                       | -                                         | 131                                     | (1950 trade) 700                                            | 700(b)              | -                                       |
| 13. Denmark                                 | 300                                                       | 205                                       | 95                                      | N.A.                                                        | N.A.                | N.A.                                    |
| 14. Egypt                                   | 2,200                                                     | 5                                         | 2,195                                   | 11,400                                                      | 11,400(b)           | N.A.                                    |
| 15. Ethiopia                                | 200                                                       | -                                         | 200                                     | (1949 trade) 96                                             | N.A.                | 96                                      |
| 16. Eritrea                                 | 293                                                       | 31                                        | 262                                     | 45                                                          | -                   | 45                                      |
| 17. France                                  | 1,220                                                     | 288                                       | 932                                     | 70,000                                                      | 70,000              | -                                       |
| 18. Germany                                 | 2,513                                                     | 2,257                                     | 256                                     | 16,000                                                      | 16,000              | -                                       |
| 19. Greece                                  | 31                                                        | -                                         | 31                                      | 2,885                                                       | 2,878               | 7                                       |
| 20. India                                   | 4,200                                                     | 56                                        | 4,144                                   | 1,400                                                       | 1,400(b)            | -                                       |
| 21. Indonesia                               | 350                                                       | -                                         | 350                                     | N.A.                                                        | N.A.                | N.A.                                    |
| 22. Iraq (1949 trade)                       | 1,162                                                     | 3                                         | 1,159                                   | -                                                           | -                   | -                                       |
| 23. Ireland                                 | N.A.                                                      | -                                         | N.A.                                    | 300                                                         | 300(b)              | -                                       |
| 24. Iran (Mar.'50-Mar.'51)                  | 104(e)                                                    | -                                         | 104                                     | -                                                           | -                   | -                                       |
| 25. Italy and Trieste                       | 1,355                                                     | 473                                       | 882                                     | 43,177                                                      | 43,177              | -                                       |
| 26. Japan                                   | 757                                                       | -                                         | 757                                     | 4,700                                                       | 4,700(b)            | -                                       |
| 27. Kenya and Uganda                        | 100                                                       | -                                         | 100                                     | 500                                                         | -                   | 500                                     |
| 28. Lebanon                                 | 586(c)                                                    | 40                                        | 546(c)                                  | 1,817                                                       | 281                 | 1,536                                   |
| 29. Malaya and Singapore                    | 990                                                       | -                                         | 990                                     | 33                                                          | -                   | 33                                      |
| 30. Mozambique                              | N.A.                                                      | -                                         | -                                       | 400                                                         | 400(b)              | N.A.                                    |
| 31. Netherlands                             | 840                                                       | 46                                        | 794                                     | 18,000                                                      | 18,000              | -                                       |
| 32. New Zealand                             | N.A.                                                      | 173                                       | N.A.                                    | N.A.                                                        | N.A.                | N.A.                                    |
| 33. Norway                                  | 35                                                        | -                                         | 35                                      | 160                                                         | 160(b)              | N.A.                                    |
| 34. Pakistan                                | 67 (9 mos.)                                               | -                                         | 67                                      | 600                                                         | 600(b)              | N.A.                                    |

|                           | Total<br>Reported<br>Exports to<br>Saudi Arabia | Less<br>Aramco/Tap.<br>Purchases | Net<br>Saudi Arabia<br>Imports | Total<br>Reported<br>Imports from<br>Saudi Arabia | Less<br>Oil | Net<br>Saudi Arabia<br>Exports |
|---------------------------|-------------------------------------------------|----------------------------------|--------------------------------|---------------------------------------------------|-------------|--------------------------------|
| 34. Philippines           | \$ N.A.                                         | \$ 5                             | \$                             | \$ 300                                            | \$ 300(b)   | \$ N.A.                        |
| 35. Portugal              | 2                                               | -                                | 2                              | 8,900                                             | 8,900       | -                              |
| 36. Southern Rhodesia     | --                                              | -                                | -                              | 100                                               | 100(b)      | -                              |
| 37. Spain & Canary Isles  | 19                                              | 3                                | 16                             | 11,400                                            | 11,400(b)   | N.A.                           |
| 38. Sudan                 | 600                                             | 6                                | 594                            | 400                                               | 400(b)      | N.A.                           |
| 39. Sweden                | 948                                             | 324                              | 624                            | 11,400                                            | 11,400      | -                              |
| 40. Syria 3 mos.          | -                                               | -                                | -                              | 800                                               | 800(b)      | N.A.                           |
| 41. Switzerland           | 488                                             | 1                                | 487                            | 1,271                                             | 1,271       | -                              |
| 42. TransJordan           | 29                                              | -                                | 29                             | 42                                                | -           | 42                             |
| 43. Tunisia               | -                                               | -                                | -                              | 100                                               | 100(b)      | -                              |
| 44. Turkey                | 28                                              | -                                | 28                             | 6,900                                             | 6,900       | -                              |
| 45. Union of South Africa | 900                                             | -                                | 900                            | 11,400                                            | 11,400      | -                              |
| 46. United Kingdom        | 8,000                                           | 1,043                            | 6,957                          | 22,900                                            | 22,720      | 180                            |
| 47. United States         | 32,100                                          | 29,224(b)                        | 2,876                          | 24,166                                            | 23,740      | 426                            |
| 48. Uruguay               | -                                               | -                                | -                              | 1,400                                             | 1,400       | -                              |
| 49. Yugoslavia            | 100                                             | -                                | 100                            | -                                                 | -           | -                              |
| Total                     | \$ 77,787                                       | \$ 35,739 (adj.)                 | \$ 42,048                      | \$304,933                                         | \$301,627   | \$ 3,306                       |
| Freight (est. @ 15%)      |                                                 |                                  | 6,307                          |                                                   |             |                                |
|                           |                                                 |                                  | \$ 48,355                      |                                                   |             |                                |

- (a) Excludes \$1.9 million in raw gold  
 (b) Estimated  
 (c) Excludes \$3.0 million gold - converted at free rate  
 (d) N.A. - not available  
 (e) Excludes oil shipments of \$42.9 million.

BET  
 July 22, 1952

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Dhahran  
March 2, 1952

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ITEMS FOR MINFIN DISCUSSION  
AT JEDDAH, March 1952

Mr. W. Burleigh (3)  
Representative in Al Hasa

Please refer to my memorandum of February 14 captioned: "ITEMS FOR MINFIN DISCUSSION, FEBRUARY, 1952." For your further information Messrs. W. L. Johnson and E. J. Nelson of the Customs Unit Traffic Control are going to Jeddah March 2 to discuss the following items:

1. DUTY PAYMENTS ON NON-DUTIABLE MATERIAL FOR THE ENTERPRISE, ROYAL FAMILY, MINFIN, GOVERNMENT OFFICIALS AND GOVERNMENT PROJECTS

Following clarification from Messrs. Owen and Henry, it is proposed to discuss specific proposals to simplify the problem of clearly distinguishing those materials imported for use in the operations and the material recognized as dutiable. This can easily be done by making the required distinction on the Company's Ship Schedule. Such a technique should facilitate the work regardless of the nature of Minfin orders re: exemptions, and will have the support of the Director General, Al Hasa Customs.

2. VENDOR'S INVOICES

In view of pressing demands by local customs directors for presentation of vendor's invoices at the time of customs clearance, we will request instructions to local officials for a more liberal application of the provisions of the Regulations in this regard.

The Company has proven its good intent by the fact that vendor's invoices are presented at the time of customs clearance on about 85% of our dutiable imports. Efforts continue within the Company to expedite submission in all cases.

3. REFUNDS OF DUTIES PAID IN EXCESS AS A RESULT OF CUSTOMS ERRORS

As a result of complaints by the Ministry of Finance and local officials that the Company was delaying payments of customs duty on its imports while verifying the assessment rates and calculations on declarations, an agreement was reached with the local officials whereby local Directors would present a weekly billing listing declarations assessed and ready for payment and the Company would make payment on a specified day at each port. To date the Company has always made payment on the date specified. It was further agreed that differences found upon checking rates and calculations would be adjusted by means of statements of correction. Two statements of corrections are prepared monthly by the Company for each port. One statement consists of errors which result in additional monies due to customs and the other statement consists of errors which result in refunds due the Company. To date the Company has promptly paid to customs all additional monies owing to customs resulting from errors made by customs. To date customs have failed to make refunds of monies due the Company under this arrangement although each statement is verified by the Director General, of Al Hasa Customs. We have learned such refunds cannot be made without specific authorization in each case from the Minister of Finance. We will ask for an improvement in this situation, preferably vesting authority with the Director General of Al Hasa Customs to make such refunds.

#### 4. DUTY ON MOTION PICTURE FILM

Al Hasa Customs Houses have been assessing duty on unexposed film imported for the enterprise. The Ministry of Finance' orders exempting such imports need to be clarified.

Local Customs officials have recently questioned the dutiable status of motion pictures imported by the Company for the training of employees on the job. Ministry instructions are desired to avoid delays in the future.

Local Customs Directors have been assessing duty very inconsistently on personal film imported by employees. Duty is charged at 30% ad valorem in some cases. In other cases, an unreasonably high fixed fee is assessed resulting from confusion regarding the Ministry of Finance's orders which were issued 8 January 1951, establishing a fixed fee for Company import of rental movie film for showing in Company theatres. These orders require clarification.

#### 5. REFUNDS OF DUTIES PAID ON SHORT-LANDED MATERIAL, ETC.

It is necessary to explore with the Ministry what constitutes adequate verification of short shipped material. This is required to establish a basis for claim for refunds of payments for customs duty paid on material not received by the Company.

It is also necessary that the Ministry streamline their procedures in refunds of duty paid in error by the Company on employees imports. The Director General, Al Hasa Customs, should have the authority to refund when there is agreement regarding the claim.

#### 6. CUSTOMS DUTIES ON RE-IMPORTED ITEMS

Local Customs are assessing customs duty on personal material re-imported by employees following repairs and/or processing (in the case of film). We are requesting instructions to local officials to establish a procedure whereby such items may be registered or marked prior to export to preclude payment of duty on reimport.

#### 7. ~~ACCOMPANIED PERSONAL EFFECTS~~ Exemption from Duty for Materials Imported for SAG Project

Dammam Customs has questioned Ministry of Finance orders exempting from duty materials imported for the Al Kharj project. Local officials are attempting to judge from a description of the material whether it is "for the project" and do not recognize the Company's letters in this regard. The Minister will be requested to clarify his instructions.

#### 8. PAYMENTS TO CUSTOMS BY DEPOSIT PER BOAT

In the light of recent discussions with the Director General of Al Hasa customs and the Regulations we are seeking verification of our proposed procedure to pay customs duties by a deposit covering an entire boat and subsequent entry in customs revenue books after verification of assessments and calculations.

#### 9. TARIFF CLASSIFICATION FOOD FLAVORINGS

A dispute between the Company and Al Hasa Customs regarding the tariff classification of food flavoring extracts was referred to the Ministry two months ago. Settlement of this dispute should be expedited.

**10. RECONCILIATION OF OLD CUSTOMS TRANSACTIONS**

Proper procedure should be developed to reconcile old customs transactions which are referred to the Company by the auditors in the General Director's office. In most instances this involves claims for additional monies due to customs as a result of erroneous assessments by the local Customs Houses. Such requests often go back three or four years and involve time-consuming search of old records. A great majority of these requests are found to be unwarranted and result from inadequate or misplaced customs records. Other instances involve a difference in the description of an item itself. In these cases the local Customs officials disregard the facts contained in Company replies and maintain a flow of follow up letters reiterating demands on the Company which we have proven are unwarranted. We should request establishment of a reasonable minimum figure, below which customs is authorized to write off small amounts. We should also request instructions to local customs officials to search their records more diligently before asking the Company to spend time and money unnecessarily in searching Company records. We should also explore methods whereby facts verified by Company records can be accepted by local customs officials as a starting point for reasonable reconciliation of our differences. We will also define our right to examine customs records in those cases where it is obviously necessary in order to reconcile differences that are purely bookkeeping matters in scope.

R. G. VAN PEURSEM

WLJ:js

cc: R. G. Van Peursem  
Concession Affairs Files

ARABIAN AMERICAN OIL COMPANY

A CORPORATION

DHAHRAN

SAUDI ARABIA

July 26, 1952

R. S. HAWKEY  
ASSISTANT TREASURER

Mr. Dunnaway  
Mr. Kennedy

Rec'd  
7/29/52

Dr. Arthur N. Young  
Embassy of the United States of America  
Jeddah, Saudi Arabia

Dear Dr. Young:

Attached is a copy of a letter from our New York Economics Division answering the questions which I raised in the last two paragraphs of my letter to you of April 23, 1952, concerning Saudi Arab trade data.

We have also just been informed that our New York Office will shortly send us revised Saudi Arab merchandise trade figures for 1950 and 1951.

As yet we have not received copies of the work that the New York Office has done on balance of payments for Saudi Arabia, but we have again reminded them of our desire to receive them and expect that they will arrive shortly.

Will you kindly pass this information on to Messrs. Dunnaway and Kennedy.

Very truly yours,

R. S. HAWKEY

R. S. Hawkey RRD

RRD:gm

Attachment

# ARABIAN AMERICAN OIL COMPANY

New York 22, N.Y.  
July 17, 1952

## SAUDI ARAB TRADE DATA

MR. R. S. HAWKEY  
Dhahran

Attention: Mr. R. R. Dickson

In answering your letter AE-2343 referring to Saudi Arab trade data for Dr. Young we offer the following comments.

1. The original merchandise trade data was expressed in terms of local currency. It was then converted into dollar values at official rates of exchange in existence at the time. In 1949 actual nine months' figures were converted at one rate and actual remaining three months at the revaluated rate. An example: In the case of the U.K. trade figures - 9 months £ @ \$4.03 and 3 months £ @ \$2.80. If monthly figures were not available then a weighted figure was used.

2. No adjustment was made in the trade figures for free rates of exchange. One may justifiably question this procedure on the grounds that it tends to inflate the dollar value of these figures. Because of the multiplicity of free rates for various currencies in each country and the lack of detailed information it was felt that official rates should be used.

However, if one were to use the free dollar rate for Lebanese pounds for 1949-1951 the following results would be obtained:

|      |                   | <u>Official Rate</u>  | <u>Free Rate</u> |
|------|-------------------|-----------------------|------------------|
|      |                   | (Millions of Dollars) |                  |
| 1949 | Imports from S.A. | \$ 5.8 LL @ 30.77¢    | \$3.910          |
|      | Exports to S.A.   | 2.6                   | 1.753            |
| 1950 | Imports from S.A. | 3.1 LL @ 26.74¢       | 1.817            |
|      | Exports to S.A.   | 6.1(a)                | 3.575            |
| 1951 | Imports from S.A. | 1.0 LL @ 26.32¢       | 577              |
|      | Exports to S.A.   | 3.6                   | 2.076            |

(a) Includes \$5.1 of gold

3. A.O.C. and Tapline foreign purchases were analyzed from actual shipping invoices, where available, in an effort to determine their destination, i.e. Beirut or Saudi Arabia. In some instances complete movements were available, whereas in other instances transshipments of goods to shipping centers, i.e. Germany to Netherlands or Netherlands to the U.K., en route to Saudi Arabia were estimated. The U.S.-A.O.C. and Tapline shipments were likewise analyzed as to their destinations.

4. No consideration was given to household and personal effects in our trade figures.

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25 JUL 1952

TREASURY

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BRUCE E. THAUBURN

Public Administration - Aramco. 2. n.d. MS U.S. Operations Mission to Saudi Arabia, 1950-1955: RG 469: Records of the U.S. Foreign Assistance Agencies, 1948-1961, Mission to Saudi Arabia: Office of the Director, 1950-1955. National Archives (United States). Archives Unbound, link. [gale.com/apps/doc/SC5110299645/GDSC?u=uagm&sid=GDSC&xid=471411a3&pg=11](https://www.gale.com/apps/doc/SC5110299645/GDSC?u=uagm&sid=GDSC&xid=471411a3&pg=11). Accessed 17 Apr. 2021.